GOVERNMENT OF THE DISTRICT OF COLUMBIA

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Judge Blocks Staples-Office Depot Merger in Response to Federal Trade Commission Suit Joined by District and Pennsylvania

Complaint Said Merger Would Damage Competition and Hurt Consumers

WASHINGTON, D.C. – Attorney General Karl A. Racine welcomed news that the United States District Court for the District of Columbia has blocked a proposed merger between Staples, Inc. and Office Depot, Inc. <u>Last December, Attorney General Racine joined colleagues from the Federal Trade Commission (FTC) and the Commonwealth of Pennsylvania in a lawsuit that asserted the proposed merger would have lessened competition in violation of federal antitrust laws.</u>

"This is good news for consumers in the District of Columbia and across the country," Attorney General Racine said. "If this merger had gone forward, it would have significantly limited competition for business supplies sold directly to large business customers."

The FTC, which voted to block the merger and seek a preliminary injunction against it in federal court, argued that Staples and Office Depot are the two primary competitors in the market for supplying consumable office supplies – supplies sold to business customers for their own end use – to large business customers. The Commission said the merger plan would be "likely to eliminate beneficial competition that large business customers rely upon to reduce the costs of office supplies."

In his order granting the motion for preliminary injunction, U.S. District Judge Emmet Sullivan agreed, noting that "there is a reasonable probability that the proposed merger will substantially impair competition in the sale and distribution of consumable office supplies to large Business-to-Business customers."

The District and Pennsylvania joined in the FTC's claims under the Clayton Act, which may be enforced in federal court by state attorneys general. Judge Sullivan's order in the case is attached.